# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:620
ANSWERED ON:25.02.2009
PENDING LOAN APPLICATIONS
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**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government has issued any guidelines against keeping of loan applications pending by banks without any reasons; and

(b) if so, the details thereof?

## Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Reserve Bank of India (RBI) vide their circular dated May 5, 2003 issued guidelines on Fair Practices Code for Lenders which are required to be framed by banks/financial institutions duly adopted by their Boards.These guidelines are revised periodically and the most recent being on November 25, 2008. These guidelines inter-alia, stipulated that:

(i) Banks and Financial Institutions should devise a system of giving acknowledgement for receipt of all loan applications.Time frame within which loan applications upto Rs.2 lakhs will be disposed off should also be indicated in acknowledgement of such applications.

(ii) Banks/Financial Institutions should verify the loan applications within a reasonable period of time and if additional details/documents are required, they should intimate to the borrowers immediately.

(iii) In case of all categories of loans irrespective of any threshold limits,including credit card applications, the lenders should convey in writing, the main reason/reasons which, in the opinion of the bank after due consideration, have led to rejection of the loan applications within stipulated time.